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PLANTING SOYBEANS

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FRONT COVER

Planting Soybeans

Soybeans have become a booming industry in the United States since this picture was taken in the 1930's, on an Ohio farm. United States growers face increasing competition, however, as Manchurian soybeans begin moving in world markets for the first time since the war.

BACK COVER

Peanuts, Cottonseed, and Soybeans: World and United States Production

Only a few years ago, the United States was a net importer of fats, oils, and oilseeds. With the war and its aftermath, that picture changed and the United States became a major exporter of these commodities.

NEWS NOTES

Wisconsin Land Tenure Conference

Experts on land tenure and leaders in agricultural policy from many countries began a Conference on World Land Tenure Problems at the University of Wisconsin on October 8. Their sessions are to extend through November 17.

Most of the countries represented are in the Far East, Middle East, and Latin America, but delegates from the United States and elsewhere in North America and from Europe also are taking active part in the sessions. In addition to these delegates, there are 25 "trainees" in attendance, who will remain at the University of Wisconsin for a year's intensive study of land tenure questions.

The Conference was planned in the belief that there is promise of increasing agricultural production and of raising living standards by improving land tenure practices throughout the world. It was recognized that such improvement, in free nations, must come by democratic means, which, in turn, must be based on open discussion and interchange of ideas.

The Conference program includes study of agricultural statistics, population as a factor in tenure problems, availability and productivity of credit, management of public lands, land tenure surveys, the place of cooperatives, experience in population resettlement, land consolidation procedures, surveys and land title registration, financing land distribution, machinery stations, legal relationships, irrigation development, and comparisons of different farm management schemes. Conference work was arranged on the basis of (1) plenary sessions, (2) work parties or workshops, and (3) conducted tours in farm areas to enable delegates to meet American farmers.

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FOREIGN AGRICULTURE — ALICE FRAY NELSON, EDITOR

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Europe's Plans for An Agricultural "Pool"

A unified market in Western Europe for agricultural products was proposed last year. Despite early expectation that discussion of the plans would soon die down, the problems connected with them have received ever increasing attention in recent months. The Government of France, one of the main sponsors of this project, has invited the other West European countries to send representatives to a meeting to discuss prospects for an early start toward European agricultural integration. Most governments have accepted. Although it is uncertain whether their efforts will lead to concrete results, it might be interesting to reflect upon the problems that are likely to arise in connection with integration. The following statement, drawing on such comments as are available at this time from both European and American sources, has been prepared by the European Division of the Office of Foreign Agricultural Relations. J. H. RICHTER.

The Plan

At a conference of the International Federation of Agricultural Producers held in Sweden in June 1950 an interesting suggestion was made by French and West-German farm leaders. It centered mainly on the idea that the two countries should make arrangements to facilitate, within their respective borders, the marketing of each other's surplus agricultural products. It was also hoped that such arrangements would further open up the French market for German industrial products, as a corollary to the takings by Germany of French wheat, sugar, wine, and possibly other products.

Political feeling in important French and German circles keenly recognizes the need for friendship and better understanding between the two nations. It further recognizes the need for cementing this friendship by economic measures. The suggestions for a Franco-German agricultural market pool had much to do with these trends of thought, which followed in the wake of the so-called Schuman Plan for Western Europe's heavy industry. The general atmosphere had become favorable to action facilitating Franco-German rapprochement.

The project remained under subdued discussion for some time after the conference until, in the fall of 1950, the French and Dutch Ministers of Agriculture came forward with more sweeping plans for the integration of the agricultural markets of all Western Europe. These suggestions, again, were the outgrowth of broader discussion and movement toward general economic integration, which had developed since the inception of a plan for European economic cooperation—the Marshall Plan—in 1947. The first attempts at West European programing, mutual aid and cooperation in various technical and economic fields, the establishment of a West European payments scheme and later of a full-fledged clearing and payments union as well as intra-European trade liberalization, all these were stages in a development toward West European economic integration. Further progress depended on concrete steps in various segments of the economy. Such a concrete step was the Schuman Plan for coal and steel. Another concrete step would be the organization of markets for agricultural products.

The precise contents of the suggestions for an integration of the agricultural markets of Western Europe are not as yet known. What is clear, however, is that most countries that sponsor the idea seem to agree that one of the important parts of the scheme would be an arrangement for long-term marketing agreements across borders so as to assure European exporting countries of a market for their surplus produce, for years ahead and at remunerative prices. The argument that the agreements would at the same time assure the importing countries of supplies, though also used, is not altogether pertinent because alternative sources of supply for principal import products could always be drawn upon by the importing areas.

The French Government, in particular, proposed first to study, and make arrangements for, a few products such as wheat, sugar, wine, and dairy

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products. Later, after some experience with these arrangements, they could be extended to other commodities. Other provisions of the plans as they now stand are more far-reaching and indeed more pertinent to a scheme that would display a truly economic approach. Intra-European tariffs for one product after the other would be abolished. Other trade restrictions would be abolished in the same fashion. One single market with uniform prices would in the end be established all over Europe, for all products of agriculture.

The marketing agreements across borders are to provide a measure of security for the sale of expanded agricultural output, while the abolition of tariffs and restrictions on intra-European trade would help in freeing consumer preference from distortions and should also help in reorienting agricultural production in the direction of comparative advantage. It is realized that subsidies would be necessary for a long time in most countries, generally, or for a specific segment of agricultural producers, if such a system were to be adopted. But since, from an economic point of view, producer subsidies are better, or less damaging, than prices artificially boosted (by tariffs and other restrictions), the realization of the plan would be a step forward in the rationalization of Europe's economic setup.

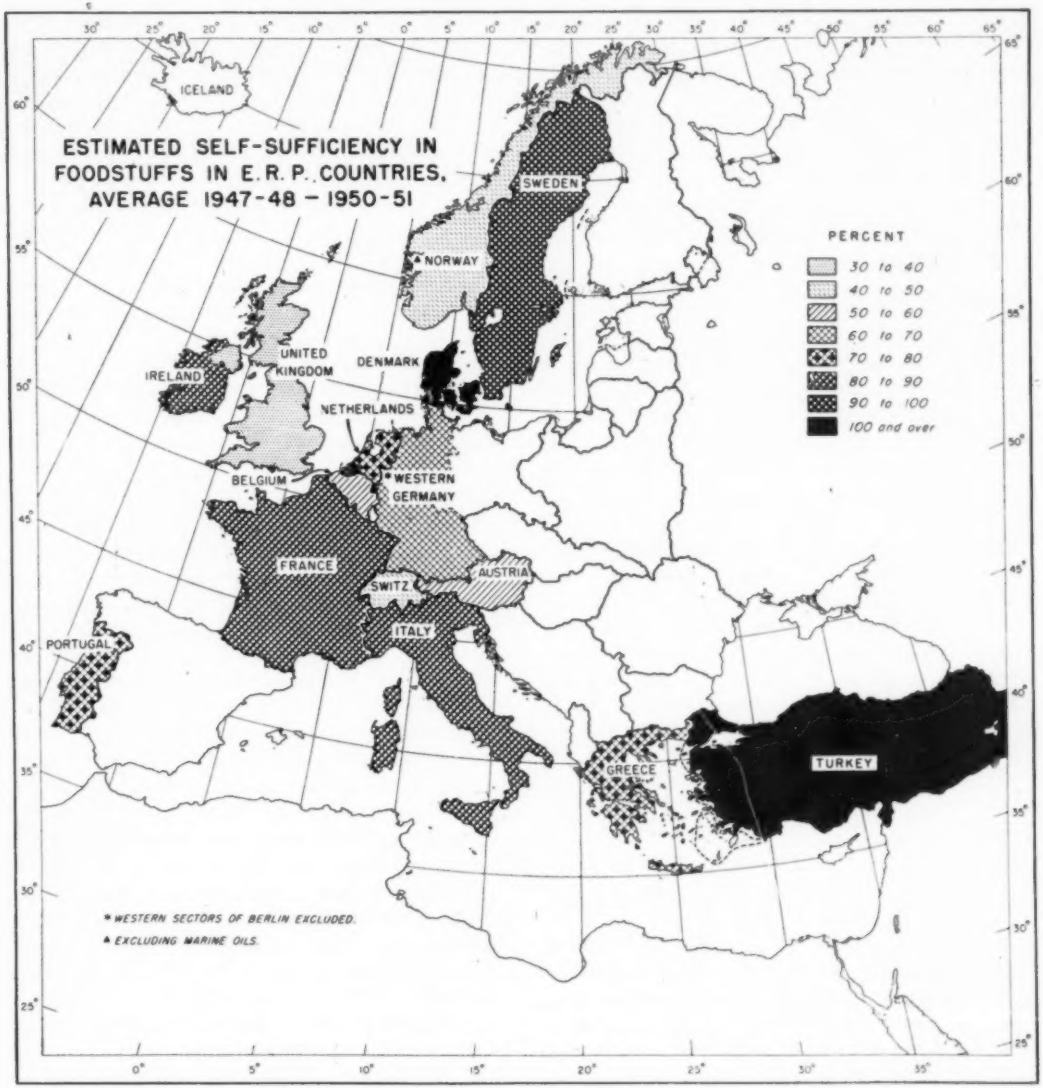
Some of the sponsors of integration, particularly the Dutch Minister of Agriculture, Mr. Mansholt, believe that the integration of European agriculture in one single market cannot be achieved unless a supranational authority is given powers to reconcile and, if necessary, overrule individual country interests. Such a High Authority—on the model of the Schuman Plan for coal and iron—is also sponsored by the French Government, but not insisted upon. Some of the other countries are for it; others are against it. There is in general considerable skepticism with respect to the possibility of having a supranational High Authority dictating to the Governments. The political influence and importance of the farmers in the various European countries are extremely great and to some observers it seems unrealistic to assume that governments could surrender sovereignty in the field of agricultural policies. Alternative plans would provide for an intergovernmental authority composed of representatives of governments and of producers' organizations to advise on rationalization of food production, trade, and consumption in the area of the member states.

The position of most governments has thus far been that they cannot express a final judgment of the scheme until after it has been made known in complete detail and has been studied thoroughly. They, therefore, suggest that technical discussions of the plan be held, and it is their preference that such discussions take place in the Organization for European Economic Cooperation as an appropriate forum for this type of project. Some countries favor discussion outside OEEC.

The Problem

Among the problems leading to a more prominent consideration of European integration is, of course, the existence of a division of labor as among Western European countries that does not nearly conform to comparative advantage. It was the Economic Cooperation Administration that from its inception advocated a policy that would eliminate some of the shortcomings inherent in the existing distribution of production among the various countries. But it is recognized, and always has been recognized, that the problem is most difficult and can perhaps not be solved to complete satisfaction, as long as Western Europe or a good part of Western Europe is not one national area under one sovereignty—in other words, unless political unification precedes, or at least takes place at the same time as, economic unification.

However, as in many cases of this kind, cause and effect in such a situation cannot be clearly separated. While political unification would no doubt compel and bring about economic unification, the latter—if it could be achieved in some segments or in some degree—would certainly help in the establishment of political unification or of a strong political union. The history of the so-called Schuman Plan for the coal and iron industries is well-known, and it is recognized that its prime importance will lie in the political significance of welding together the heavy industry of Western Europe, especially that of France and Germany, to such an extent and under such centralized authority that another war between members of that union would be virtually impossible. No such significance, in scope or degree, would apply to an economic union in the field of agricultural products. But no doubt some good, in the sense of mutual understanding as well as of increased efficiency of production and distribution, could come from a reorientation of agriculture to conform more nearly to the natural



and other advantages of the various countries.

It must be realized that the problem of agricultural integration cannot be considered independently of general economic integration. A reduction in tariffs and other restrictions on the movement of agricultural products across borders is always helpful. But a much more serious marketing problem of the European surplus producers is the fact that the United Kingdom and Germany may not be able to afford either a higher level of consumption or the foreign exchange needed for larger purchases. The same difficulty—that the agricultural problem cannot be considered in isolation—arises in connection with the relocation of production in an integrated Europe. In some countries, small producers of livestock products or of vegetables could not possibly compete in the larger arena. But if their labor could not be absorbed in other in-

dustries, it might—from the general economic point of view—well be cheaper to maintain them as relatively inefficient smallholders than as unemployed industrial workers.

If Western Europe should in fact proceed with some sort of "green pool," measures to eliminate, in an acceptable manner, the most inefficient producers would have to be an integral part of the plan. (Sweden's program in that direction may provide a useful example.)

Arguments Pro and Con

Attitudes of farmers toward agricultural integration and liberalization necessarily differ, depending upon the interests they represent. Farmers in the few countries where costs of production are low and where exports of agricultural products are important strongly favor liberalization and integration. Other groups of farmers, notably those with high production costs, are definitely against such liberalization. As a result not only of unchangeable natural conditions but also of the diverse course of history and economic policy in the past, a certain division of labor has emerged and has been translated into jobs, professions, and type and extent of production of various products. People today cling to, and defend, the existing international division of labor on which the unbroken continuity of their livelihood depends.

The case of the European farmer is only a special case in a more widely applicable situation. In this respect, as students of the plans for economic integration in Europe point out, there is no difference between the attitude of American farmers and that of European farmers. If the division of labor throughout the world were based exclusively on natural differences and not on artificial differences such as tariffs and other protectionist devices, producers in general would not oppose the one-market idea. As things stand, however, they want protection against the competition of producers outside their national borders who have lower costs of production. Farmers in the United States, it is pointed out, are of course fortunate to live in a large, politically unified area in regard to which they must accept and mostly even favor the one-market idea. Producers in Western Europe live in comparatively small national entities, which prevents an efficient utilization of natural and other advantages if the one-market idea is applied only within national borders. Hence the importance of integration.

There is little doubt that, as far as direct and immediate effects are concerned, agricultural integration in Europe would be detrimental for a large part of the European farming community. The small and the very small farms are not efficient enough to compete, especially in countries that have always had high tariffs. The number of these farms is very great and the majority of the farms in Europe are so small as to have a low productivity of labor. Hundreds of thousands of farmers have therefore a strong feeling of uneasiness and even fear when they hear about integration. Many of these small farmers would have to go out of business if economic integration in Europe became a reality. The adjustment of agricultural conditions in Western Europe to the tensions created by economic integration, in view of the gradual character of development in agriculture, would probably take a generation or two.

There are also arguments of a sociological and general security nature that are used against the project of agricultural integration in Europe. The maintenance of a reasonably large farm population is considered a prerequisite for the coherence and stability of society. Those countries that are so near the frontier of the Western World also insist that they must have a large and diverse agricultural production that would cover a substantial part of their food requirements and in times of emergency could be made to cover an even greater part. Hence they are opposed to a scheme that, temporarily at least, would weaken the extent and diversity of their agricultural production. In a sense it is true, of course, that economic integration in all segments of the economy presupposes readiness to sacrifice aims of present recovery, welfare, and security for a greater measure of these things in the more distant future. But, at a time like this, it would not be unnatural if the present were considered more important than a future that might not come about at all unless the present is adequately protected.

On the other hand, observers in Europe realize equally well that not enough stress is being placed upon the importance of questions of competition, production costs, and productivity of labor in agriculture. They know that many of their farmers and politicians look upon a large crop per acre as of decisive significance though the standard of living actually depends more on production per man than on production per acre. Even in the more efficient European countries, where progress has been great,

labor could still be used more effectively. That means that agricultural output in Europe can still be greatly increased with the same amount of labor input.

As a summarization of European economists' views of the schemes of agricultural integration, a recent pronouncement by one of them may well be quoted at this point:

> Liberalization and integration are necessary if Western Europe's productivity and therefore social security are to be strengthened. On the other hand, there can be no solution to this problem if the governments of the respective countries try to enforce integration without adequate attention to the objections made by the farmers. It is obvious that political resistance in such a case would be very great indeed and that democracy might fail to pass such a test. The solution would seem to be for liberalization and integration of West European markets and production, supplemented by direct protective measures for those farmers who cannot compete in such a market—direct protection through differentiated producer subsidies. While this would not be an ideal situation it would still be one considerably better and considerably more conducive to European welfare than numerous national markets strongly protected and restricted by high tariffs and other impediments to trade. It cannot be denied that a solution of the problem of integration and even trade liberalization is quite impossible in the short run and difficult even in the long run. But if every government keeps constantly in mind the possibility of moving gradually, from day to day, towards an agricultural policy which may be called a European policy, the problem will in the end find its solution.[1]

The above description of the integration plans has considered them from rather general points of view, especially economic. Clearly, each country will have its own specific evaluation, largely oriented on the basis of prevailing national policies. No attempt was made in this article to give an account of these specific attitudes, nor was it intended to appraise the integration plans from the point of view of the United States. Such an appraisal must await a more concrete and more comprehensive presentation of the contents of these plans.

[1] Dr. H. J. Frietema, in an address given at the Netherlands School of Economics at Rotterdam, Nov. 23, 1950.

United States Foreign Markets For Fats and Oils

by PAUL E. QUINTUS

The postwar shortage of fats and oils was one of the serious consequences of the wartime disruption of trade channels. Our allies as well as our enemies were desperately short of fats and oils. To help fill these needs, the United States greatly increased its fats and oils output and, for the first time, became a major exporter of these commodities. Production is now running about 12 billion pounds a year—nearly 50 percent above prewar.

With production and trade in fats, oils, and oilseeds recovering progressively each year since the war in other parts of the world, the United States is faced with the problem of determining what the future holds for this war-borne industry.

It appears certain, in the light of the most recent crop reports, that a new high record of fats and oils production will be achieved in the United States for the fourth successive postwar year. This means that we will be seeking export outlets again in 1952 for large quantities of fats, oils, and oilseeds. Not only will the United States want to export oilseeds and their products—particularly soybeans and soybean oil, cottonseed oil, and to a lesser degree flaxseed and peanuts—but it will also want to market abroad large quantities of lard and inedible tallow and greases. Therefore, United States producers are highly interested in the output and demand for these commodities in other countries.

World Production

In the Western Hemisphere, Argentina is currently the United States only major competitor. The Argentine carry-over of all oilseeds and oils—including flaxseed, sunflower seed, cottonseed, and peanuts—at the close of this year will be relatively small: Large export sales in 1950 sharply reduced accumulated stocks, and thus far this year large quantities have been exported, chiefly to Western Europe. Although the Argentine Government has made strong efforts to expand substantially the plantings of flaxseed, it is unlikely—largely because

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Coconuts in Penang, Malaya. Copra and coconut oil make up an important part of Malaya's exports.

of severe drought—that the harvested acreage will be much greater than the 2 million acres harvested last season. Exports of edible oils in 1952 will depend largely on the outcome of the sunflower seed, cotton, and peanut crops, not yet harvested. Exports of lard and tallow from Argentina, although second largest in the Hemisphere, are so small that they will offer United States exports little competition.

Brazil, of course, will continue as a major exporter of oils and oil-bearing materials. But Brazil's exports are generally not directly competitive with ours. They are mostly the kinds of oils we import—castor, oiticica, babassu, and tung. Brazil has, however, exported small quantities of soybeans, cottonseed oil, and peanuts and peanut oil, and soybean production may expand to a point where exports will become substantial.

In Canada, where production of flaxseed this year may be double last year's low level, there will be greater supplies for export, mostly as linseed oil.

Mexico will probably export some flaxseed again in 1952 as well as some shelled peanuts, and perhaps a fair tonnage of cottonseed.

In the Eastern Hemisphere, Africa's peanut crop is expected to be considerably better than last year's. This is true for both British and French West Africa. Thus, exports to the United Kingdom and France, primarily, and to other European countries, may be expected to be substantially greater in 1952 than in 1951. Furthermore, it would seem that exports of palm oil and palm kernels from Africa—chiefly Nigeria, the Belgian Congo, Angola, Sierra Leone, and French West Africa—are likely to be larger in 1952 than this year.

The large olive crop this year in the Mediterranean Basin countries will be a boon to Western Europe, which imports fully half of its fats and oils. Reports from Spain, Italy, and Greece—which together normally account for about two-thirds of the world's output of this oil—indicate that the olive crop will be double last year's small harvest.

Europe's major oilseed crop—rapeseed—has continued to expand in Sweden and may hold its own in France and Western Germany this year. However, acreage in the Netherlands has declined sharply from 1950. Animal fats—butter, lard, pork fat, and tallow—are of considerable significance in Western

Europe's supply picture, and it is probable that combined production of these items in 1952 will be above prewar. On a per capita basis, however, domestic animal-fat supplies will still be lower than in prewar. Production this year of fish oil in Northern Europe, primarily Norway, has been unusually good, but one cannot foretell what the coming year will bring. However, the output of whale oil from the Antarctic pelagic whale catch—of special importance to West European countries—is not likely to change greatly in the 1951–52 season because the catch of baleen whales is limited under the International Whaling Agreement.

India was at one time the world's leading source of peanuts and castor beans and a major exporter of flaxseed. While that country—and Pakistan, which only 4 years ago was separated from India—still produces substantial tonnages of these oilseeds, exports have been sharply reduced by governmental controls to hold down domestic prices and to increase domestic consumption. It is unlikely that exports of edible oils and oilseeds from India will be any greater in 1952 than in 1951. In fact, for the foreseeable future, India cannot be expected to return to its former role of exporting large quantities to fat-deficit areas.

Ceylon's exports of copra and coconut oil in 1952 may be somewhat less than the tonnage exported in 1951. Exports again will probably be mainly to continental Europe, with smaller quantities to India. There have been no indications that Ceylon will renew its agreement to sell most of its surplus production to the United Kingdom.

The Philippines, source of roughly half of the oil equivalent of copra and coconut oil moving in international trade, may maintain in 1952 its present tempo of high production and export unless prices fall sharply below current levels, and unless weather conditions in the coming months are unfavorable.

Exports of copra and coconut and palm oil from Malaya and Indonesia in 1952 could be up some from 1951. However, developments in these two Far Eastern countries may be influenced by domestic considerations there: Increased home consumption is being encouraged and, in Indonesia, continued civil disturbances and labor unrest tend to hamper progress in rehabilitating palm plantations.

Finally we come to the Communist area of China and Manchuria. Exports of peanuts from China are beginning to show up in volume and are likely to continue to be of some significance in 1952. While exports of Chinese tung oil to the United States, and other dollar-trading countries, have been embargoed, supplies to nondollar importing countries probably will continue to be available, but in reduced quantity and chiefly through Hong Kong.

Manchurian soybeans, for the first time since the end of World War II, have been exported to Europe in substantial volume in the past 12 months. Assuming that Manchurian production of soybeans is expanding, now that the avenues to Manchuria's prewar outlets have been reopened, it seems probable that the export volume in 1952 will be considerably larger than in 1951.

It is more than coincidental that the United States soybean industry expanded rapidly during the period when Manchuria was out of the world market. From the standpoint of world trade, the United States has essentially replaced Manchuria as an exporter of soybeans and oil. The first movement of any consequence from Manchuria since the war began with the 1950 crop. Since about December 1950, a fairly steady stream of vessels loaded with soybeans has left the Manchurian port of Dairen en route to Europe. Most of the contracts on 1950 crop Manchurian soybeans entering Western Europe have been negotiated through Hungarian firms. Since there is no private action in Hungary on matters of this kind, it means that the Government negotiated the sales. Hungary apparently acquired the beans through a trade agreement and resold them to Western European countries paying the highest price or offering the currency most desired by the Communists.

The sales terms of the Hungarians for Manchurian beans are fair average quality, pure basis, with a maximum of 5 percent brokens, a minimum oil content of 17 percent on the beans as delivered with price discounts for oil content below 17 percent, and maximum moisture of 12 percent with price discounts for moisture over 12 percent. Buyers are not required to pay premiums for oil in excess of 17 percent or for less than 12 percent moisture. Payment is arranged after the ship is reported in Colombo, Ceylon, or Aden at the mouth of the Red Sea. Sampling is at the European port of arrival and the analysis is made in European laboratories. Arbitration, if any, is in London according to the terms of the Incorporated Oil Seeds Association.

The analysis on two cargoes delivered to Antwerp was reported as follows:

Italy is harvesting a bumper olive crop this year.

	Cargo 1	*Cargo 2*
	Percent	*Percent*
Oil content	18.3	18.8
Moisture	11.2	11.2

More recently it has been reported that the Manchurian soybeans are being sold by the Chinese National Import-Export Corporation in Tien-Tsin through its German agency in the Russian Sector of Berlin. It seems that the beans will be processed under contract by German mills for the account of the Chinese Corporation. Several cargoes were said to have been dispatched to fulfill a processing contract covering about 6 million bushels of soybeans, and as much as 18 million bushels may be involved.

Markets

Now that some of the production and surplus supply highlights around the world have been covered, the deficit aspects should be of interest, as should the possible foreign market outlets for surplus supplies of fats and oils, particularly as they affect the United States.

The principal importing areas of the world—as far as fats and oils are concerned—are those that are most highly industrialized. Although there are some important exceptions to this generalization, the major market outlets for surplus supplies are North America (including the Caribbean), Western

Europe (including the United Kingdom), and, to a lesser degree, Japan.

Although the United States has forged to the front in recent years as a major exporter of fats, oils, and oilseeds—mostly edible—it is also a major importer of certain industrial fats and oils and olive oil. In general, they are items that normally are not produced here or are not readily interchangeable with United States products in surplus supply. In the order of their importance, the major source areas for United States imports of fats, oils, and oil-bearing material are the Philippines, South America, Africa, and southern Europe.

Copra and coconut oil—the major oil imported into the United States—certainly will be brought into this country in large volume again in 1952. Coconut oil is used chiefly by the soap industry, but it is important to the defense program also, as an ingredient in napalm fire bombs.

Palm oil, obtained chiefly from the Belgian Congo in recent years, is a preferred oil in the steel industry. Furthermore, it is a stockpile item. Imports in 1952 probably will approximate the volume brought into this country in the past 2 or 3 years.

From South America — principally Brazil — the United States imports castor beans and oil, babassu nuts and oil, and oiticica oil. Despite the fact that the United States has this year initiated a rather ambitious castor seed production program, it is likely that it will import from Brazil in 1952 as much castor beans and oil as possible. Demand for castor oil has expanded greatly under the defense program and is being stockpiled in fairly large quantity.

Imports of babassu kernels and oil, oiticica oil, and tucum kernels may depend largely on availabilities in Brazil. The United States traditionally has purchased from Brazil the major share of these exported oilseeds and oils.

Tung oil and tung nut imports in 1952 will consist almost entirely of surplus supplies available in Argentina, Brazil, and Paraguay. Now that supplies are no longer available from China—which has embargoed exports to this country—the United States will depend entirely on imports from South America to supplement the output from its own tung groves.

Olive oil imports in 1952 again may be substantial. With the large olive crop in prospect this year in the Mediterranean Basin countries, a possible substantial reduction in price in 1952 may invite considerable interest on the part of the United States importers.

Canada is likely to continue to import from the United States rather sizable tonnages of soybeans and soybean and cottonseed oils now that the Canadian margarine industry, only 2½ years old, is firmly established. It is likely, also, that Canadian imports of inedible tallow and greases from the United States in 1952 again will be sizable. Flaxseed imports into Canada may be out of the picture because of that country's expanded production.

The Caribbean is an important market for surplus supplies of United States fats and oils. Cuba is now the largest single outlet for lard and buys substantial quantities of our inedible tallow and greases. In addition the United States exports some soybean and peanut oils to Cuba.

United States exports of fats and oils to Central and South America are not, in general, very substantial. Furthermore, the tendency in South America is to exclude imports and try to develop home processing industries. The major single export outlet is Venezuela to which the United States sends some of its lard, under the terms of a trade agreement with that country, and some cottonseed oil.

The world's major export market for fats, oils, and oilseeds is Western Europe, and it is primarily there that the United States must look for an outlet for its surplus supplies. All the countries, except possibly Sweden, now rely on imports to a considerable degree. In general, Western Europe's greatest need is for edible soft oils—the oilseeds like soybeans and peanuts. Apart from olive oil, rapeseed, or colza, oil is the only oil produced from domestic supplies in significant quantity. However, in southern Europe, there is also some soybean, sesame, safflower, and sunflower seed.

In sizing up the West European market possibilities for United States fats and oils in 1952, it is apparent that certain limitations are likely to be encountered. First, there is the recovery in European likestock, which means more animal fats on the Continent. Second, there is the bumper olive crop coming up in Mediterranean Basin countries this year, which has a direct bearing on exports of soybeans and oil. Third, the supplies from European overseas possessions and territories are showing some increase in production, and the "mother countries" give preference to these areas. And, last, the ever-present European dollar problem will carry over and play an important part in determining export sales.

Land-Grant Institutions And Technical Cooperation*

by ROSS E. MOORE

In 1900, one farm worker of the United States produced enough for himself and 7 others. Now he produces enough for himself and 14 others. As we extend our technical cooperation to other countries, we must be sure to utilize the same forces that in a half century have helped double our own agricultural efficiency. What are these forces?

They may be said to be three; yet, through simultaneous application, they act largely as one. They include research, so that the secrets of successful agricultural production may be unlocked. They include dissemination of research findings to farmers, so that the discoveries of agricultural scientists can be put to use on the land. And they include teaching, so that the field of agriculture will have informed producers and leaders.

In the 69 land-grant institutions of the United States, we find these forces operating effectively and in unison. Although we are proud of the national leadership given to our agriculture by the United States Department of Agriculture, realistically we acknowledge that the farmers of the United States look for their more immediate guidance to the land-grant institutions in their own States rather than to their Federal Government. In our programs of technical cooperation with other countries, then, we have found it not enough that the institutions of our Federal Government take part. In order to bring to the effort the total support of United States agriculture, we are making certain that our "people's institutions"—the State land-grant institutions—also are active participants.

The land-grant institutions are strengthening our technical cooperation programs by performing four basic functions:

Training technicians and leaders from other countries who come to the United States to study agriculture.

Training technicians of the United States to fit them for technical cooperation work in other countries.

Lending the services of staff members to technical cooperation projects in other countries.

Assuming direct responsibility for carrying out technical cooperation projects in other countries.

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What are these land-grant institutions that are so vitally important to the agricultural production and the agricultural programs of the United States?

It is probable that they are unique in the world, having no counterpart in any other country. Their origin goes back to the middle of the last century. By that time, widespread protest had arisen in the United States against the traditionalism of higher education, for our colleges and universities were designed then to serve primarily the leisure and governing classes or those entering the professions of law, medicine, or theology. There was increasing public demand for institutions that would serve the needs of all the people. There was insistence that colleges and universities help increase agricultural production and improve rural life, and also there was insistence that there be research and instruction to aid our expanding industry.

As an answer, in 1862 President Abraham Lincoln signed the Morrill Act, which offered a grant of public land to each State to be sold, the funds to serve as an endowment and thereby make possible the creation of educational institutions devoted to serving public need. The Act particularly stressed the teaching of agriculture and mechanical arts and more generally the promotion of "the liberal and practical education of the industrial classes in the several pursuits and professions of life." Although the Federal Government laid down certain broad policies, actual control of the new land-grant institutions was to be left to the States themselves and the States were to provide buildings and grounds and contribute to maintenance of the institutions. The States responded to the offer and thus a new system of popular education was established.

The need for research as a continuing basis for education soon became apparent, and in 1887 the Congress provided for annual grants to support agricultural research at the new institutions. Additional

* Based on an article that appeared in *Turrialba*, a quarterly publication of the Inter-American Institute of Agricultural Sciences.

acts were passed later to provide annual grants to support resident teaching. In 1914 the work of the institutions was further strengthened when the Congress passed the Smith-Lever Act, providing annual grants to the States for cooperative extension work in agriculture and home economics. This Act completed the three-sided pattern that continues to shape the work of the land-grant institutions—research, instruction, and extension.

The land-grant system has had a profound effect on the life of people of the United States, especially in rural areas. Today's system includes 69 institutions, varying in size from the University of Alaska with approximately 400 students, to the University of California with approximately 40,000 on several different campuses in widely separated locations. The land-grant institutions enroll annually more than 400,000 men and 120,000 women student. The system's 53 experiment stations are carrying out approximately 15,000 agricultural research projects, of which one-third are financed at least in part by Federal funds. The system includes more than 12,000 county extension agents and home demonstration agents. Approximately 30 million rural and village people benefit directly from the extension work in agriculture and home improvement. To facilitate the land-grant institution work, the Federal Government annually grants them approximately $5 million for resident teaching, $12.5 million for agricultural research, and $27.5 million for extension work. The institutions much more than match the total of these funds with monies from other sources. The States, local communities, and private sources contribute about an equal amount for extension, contribute four times that of the Federal appropriation for research, and contribute an overwhelming proportion of the funds for resident instruction.

This, then, is the great rural service organization that is one of the participants in programs of technical cooperation in agriculture. From the first, the organization has been zealously interested in such participation. President Truman, on January 20, 1949, delivered his inaugural address in which, as a fourth point, he called for sharing our scientific advances and industrial progress with other countries. Immediately, Dr. John A. Hannah of Michigan

The University of Arkansas is cooperating with Panama in a program to develop that Republic's agriculture. (Left to right are L. A. Dhonau of Arkansas, W. P. Sellers, OFAR's representative in Panama; Raoul Luaces and Bernado Ocana of Panama: and R. P. Bartholemew of Arkansas.

State College, then president of the Association of Land-Grant Colleges and Universities, responded with the following message:

> This is to offer the full cooperation of the members of the Association of Land-Grant Colleges and Universities in carrying out the fourth point of your inaugural address, which gave new inspiration to many of us who have long been convinced that such a program is basic to progress toward the stable, democratic, peaceful world which we all want. . . . As institutions and individuals, and collectively, the Land-Grant institutions and their staff will welcome an opportunity to do their part in realizing the program you have outlined.

The offer of the land-grant institutions was accepted and, as indicated earlier in this article, today the institutions are participating in technical cooperation work by performing four basic functions. I would like to review these functions in more detail.

Training Foreign Nationals. At the rate of about 3,000 persons a year, citizens of other countries are coming to the United States for special agricultural training, and most of the responsibility for assisting them is borne by the land-grant institutions. Also the doors of the institutions are open to hundreds of additional foreign students who come to follow regular curricula leading to degrees.

Training United States Technicians. The land-grant institutions, in training the future agricultural technicians of the United States, are in actuality giving competence to our future leaders of technical cooperation programs. Out of the half-million students at our land-grant colleges and universities will come the technical cooperation agricultural workers of tomorrow.

Lending Staff Members. The United States, in all of its technical cooperation programs, has several hundred agricultural specialists serving in other countries. Some of them are on direct loan from land-grant institutions; the great majority of them have at some time in their careers been staff members of land-grant institutions.

Taking Project Responsibility. Several of the land-grant colleges, through contractual arrangement, have assumed direct responsibility for carrying out technical cooperation projects. The first to undertake such work is the University of Arkansas, which is now cooperating with Panama in a program to develop that Republic's agricultural economy. Texas Agricultural and Mechanical College is developing a plan for cooperation with the University of Mexico to help improve agricultural education in Mexico. The University of Minnesota has undertaken a survey of agricultural research institutions in Latin America to facilitate the active exchange of publications between such institutions and those of the United States. New Mexico Agricultural and Mechanical College has recently presented an 8-week training course to selected Latin American delegates to acquaint them with typical extension and farm and home management services. Michigan State College is exploring plans for cooperation with the National University of Colombia. The University of North Carolina is providing biometric services to technical cooperation programs, thereby providing a better measure of the efficacy of our agricultural improvement efforts. Utah State Agricultural College is participating actively in the village improvement program in Iran by providing both program leadership and staff. Purdue University expects to assist the Rural University of the State of Minas Gerais, Brazil, in developing extension and home economics work. The University of Wisconsin, long a keen observer of land tenure problems of the United States, is host this fall to representatives of about 40 foreign countries at a world conference on land tenure and related problems.

These are the land-grant institutions that are contractual participants in technical cooperation programs at the present time. Additional names will be added to the list in months to come, for the feeling is general that these institutions-of-the-people, because they are close to the agricultural problems of our own Nation, will also be particularly understanding of the agricultural needs of others.

We of the United States Department of Agriculture are coordinating closely with the land-grant institutions in these many and varied tasks. To facilitate coordination, together we have established a Joint USDA-Land-Grant College Committee on Agricultural Services to Foreign Areas. The Committee has seven representatives of the land-grant institutions and seven representatives of the Department of Agriculture. We meet periodically to review present programs and make plans for future cooperative activities. We are finding this association mutually satisfying and rewarding.

Unselfish public service is the guiding principle of our land-grant institutions. Traditionally, their advisory assistance is available to all people of the United States who will put it into use, from lowliest citizens to highest. It is particularly fitting, I believe, that our land-grant institutions be prominently identified with the technical cooperation programs that seek "to help people help themselves."

Japan's Extension Service —Some Problems and Progress

By GARRITT E. ROELOFS

Green bicycles have become the symbol of rural progress in Japan. These are the bicycles of the men and women who are the field agents of Japan's new extension service, set up under United States sponsorship shortly after the war. There are nearly 10,000 of these men and women now, bringing new ideas and methods to the farm families of Japan's 10,500 villages.

The work of this new extension service is widely accepted and appreciated—but extension services have not always been so welcomed in Japan. At the turn of the century the government set up a system of agricultural associations and cooperatives to provide farmers with technical information, but during the 1930's and World War II it used the system as a rural control agency. Agricultural technicians became associated in the minds of farmers with harsh law enforcement and control. With good reason, an early problem of the present extension service was the suspicion with which farmers first viewed the program. That suspicion had to be dispelled; the new organization had to be disassociated from the old. By means of posters and pamphlets, film slides and movies, farmers were made acquainted with the beneficial objectives of the new service. And by equipping agricultural advisers with arm bands, lapel buttons, and the green bicycles, the service clearly identified them as workers under a new concept and under a new system.

Another problem that stemmed from the entirely new service concept of the program was that of terminology. Many of the words used in United States extension circles could not be translated into Japanese. The word "service," for example, when translated means "servitude." The Japanese solved this problem simply, by making the English words a part of their own language. Such terms as "extension service," "home improvement," "farm adviser," "4-H club" are familiar ones today in the Japanese countryside.

A persistent problem was the lack of leaders. Versatility of the kind required for competent farm advisers had never been highly prized in Japan and was not developed in the Japanese educational system. Agricultural technicians who could meet the specialized subject matter requirements were available, but few had the broad experience in general farm problems, the sympathetic understanding of farm people, and the skill in human relations and extension methods regarded as indispensable for effective extension work. Besides, demonstration tech-

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Japanese "county agent" shows farmers how to plow more efficiently.

niques were almost unknown in Japan because of the country's tendency to formalize all instruction.

That these and other problems are being solved is apparent in the success of the challenging, realistic action programs extension workers are carrying on. Much of their effort goes into helping farmers improve their farming methods and their crops. And much is devoted to training farm youth and to an entirely new field in Japan—improving life in the farm home.

Japanese youth have few distractions in their simple village life and respond readily to opportunities to join organizations. After the war when the doctrinaire youth groups had been dissolved, the natural gregariousness of the boys and girls threatened to make them easy prey to subversive influences. Because a defense was needed against such influences and because rural youth training is regarded as basic to a well-planned, long-range extension program, the extension service organized clubs for farm boys and girls. There are now 16,500 clubs with more than half a million members. Constant emphasis has been given to voluntary organization and membership, the democratic character and conduct of the clubs, and the applicability of their activities to local needs and situations. It is the hope that these boys and girls will be the local farm leaders of the future.

In rural home improvement, Japan's extension

Kitchen in a Japanese farmhouse. Home Adviser discusses its improvement with the homemaker.

workers have one of their most challenging problems. Japanese farm homes are essentially primitive. The kitchen is usually a dark, gloomy, unsanitary place. Knowledge of food values and hygienic preparation is absent or limited. Water is usually drawn from open wells contaminated by surface seepage. Toilets are unsanitary. Vermin are rampant. In trying to better this situation, the new extension service encountered its most difficult promotional problem. Farmers, eager enough to improve farming techniques and increase food production, were uninformed on and indifferent to the need for home improvement and in many instances inhibited by the pressure of ancient superstitions and habits. Women usually pleaded that they were too busy with field work to do much home improving. Clearly, the first step toward acceptance of the program was to convince the men that it pays off in improved health, happiness, and working efficiency. In order not to frighten farmers away from home improvement work, simple and practical projects within their capacity and means were recommended—arrangement of kitchen facilities, fuel economy, sanitation, home lighting, and food storage. Though significant advances have been made, home improvement in Japan is likely to lag behind other phases of agricultural extension for some time to come.

What of the future of the new agricultural extension service in Japan?

It would be complacent to think that the Japanese will carry the agrarian reforms forward without changes as they regain independence. There is reason to believe, however, that, because so many leaders are genuinely committed to the reforms and so many people beneficially affected by them, complete reversion to the old will not be tolerated.

Japanese Home Adviser discusses efficient housekeeping methods with farm girls.

The Colombo Plan

by JOHN E. METCALF

One of the great challenges of the twentieth century is to make food production keep pace with population growth in the densely populated underdeveloped areas of Asia. The population problem is so acute that if per capita consumption is no more than kept stationary it is counted a real achievement. The British Commonwealth's Colombo Plan for Cooperative Economic Development in South and Southeast Asia, if successful, will be such an achievement. Over the coming 6-year period it is hoped that the Plan will accomplish two things: (1) raise food production sufficiently to keep pace with anticipated population increase, and (2) lay the groundwork for subsequent industrial and agricultural development that will in time bring about a real rise in living standards for the hundreds of millions of impoverished people who inhabit this part of the world.

The Area

Within the confines of South and Southeast Asia an estimated 622 million people live today—one quarter of the earth's population. Despite a considerable abundance of natural resources this area of the world has not developed rapidly enough to relieve the ever-increasing pressure of population on the land. Peasant farming is the chief means of livelihood. Roughly three-quarters of the people are dependent on the soil, but it yields a bare existence for most of them. Millions exist at semi-starvation levels, with average daily food consumption throughout the area varying between 1,600 and 2,000 calories, compared with about 3,100 for the United States.

High birth rates are only partly held in check by high death rates. In India, for example, 40 percent of the children fail to reach the age of five. Even so, for the area as a whole, the annual rate of natural increase averages about 1.5 percent at the present time. If this rate of growth continues unchecked, there will be another 100 million mouths to feed in 10 years' time.

Improvement of living standards can be expected initially to reduce the death rate rather than to curtail the birth rate. Consequently, increases in food production may be overtaken by even more rapid increases in population. The most ambitious of developmental plans can have little material effect on living standards in the immediate future. In the long run, however, the Colombo Plan may do much to change the traditional pattern of subsistence farming common to South and Southeast Asia and to provide off-the-farm work for part of the rural population.

Origin of the Plan

The originator of this plan for cooperative economic development was the Hon. Percy C. Spender, formerly Australian Minister for External Affairs and now his country's Ambassador to Washington. At a conference of Commonwealth foreign ministers held at Colombo, Ceylon, in January of 1950, he proposed that since three-quarters of the people living in South and Southeast Asia were members of the Commonwealth, the more prosperous member nations in other parts of the world should participate jointly in a program of technical and financial assistance for these underdeveloped regions of Asia. In May a special Commonwealth meeting was convoked in Sydney, Australia, to consider his proposal further, and then in September another meeting was held in London, to which delegates from other Far Eastern countries were invited.

The Commonwealth Consultative Committee on South and Southeast Asia, which met at London during September and October of 1950, was comprised of representatives from the Dominion Governments of Australia, Canada, New Zealand, India, Pakistan, and Ceylon. The United Kingdom represented the non-self-governing areas of Malaya, Singapore, Sarawak, North Borneo, and Brunei. Special delegates were sent to the London Conference by the associated states of Cambodia, Laos, and Viet-Nam, and by the Government of Thailand. The London Ambassadors of Burma and Indonesia attended the meetings as observers.

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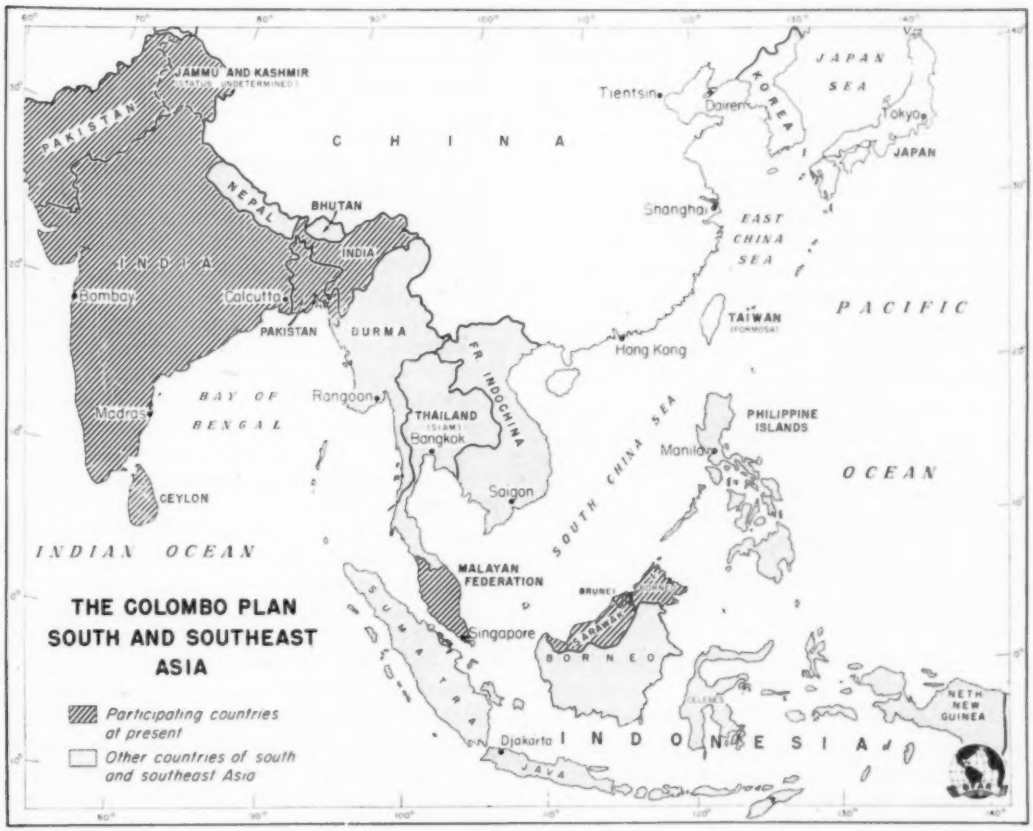
During this conference, attention was given to the most urgent developmental needs of South and Southeast Asia, the various projects for economic improvement scheduled or proposed by the participating countries, the internal financial resources of the respective governments, the anticipated balance-of-payments situation, the degree of financial assistance that could be provided by Canada, Australia, New Zealand, and the United Kingdom, and other probable sources of external aid.

As a result of these discussions there was formulated a 6-year regional program for cooperative economic development known as the Colombo Plan, which was officially to commence operation on July 1, 1951. In addition, a Council for Technical Cooperation was established with headquarters at Colombo, Ceylon. Full participation was initially limited to the Commonwealth areas, but the hope was expressly stated that other countries of Southeast Asia would see fit to join in the program in the near future.

A special 3-year program for technical assistance was initiated at once with a total budget of $22.4 million pledged by the United Kingdom, Australia, Canada, and New Zealand. An additional meeting of the Consultative Committee was called at Colombo in February of 1951 to make final arrangements for the implementation of the economic developmental program. Attending this session as observers were special delegates from the Philippines, Thailand, Burma, Indonesia, and the Associated States of Indo-China. The United States joined the Consultative Committee at this point in order to coordinate its own Point Four Program of technical assistance in Asia with the aims and objectives of the Colombo Plan.



Over-All View of the Plan

Over a 6-year period the Colombo Plan proposes the expenditure of $5,230,000,000 on economic developmental projects, nearly three-fourths of this for India, one-seventh for Pakistan, and the remaining tenth about equally divided between Ceylon and the British-administered territories in the area. One-third of this total expenditure will be spent on improving agriculture, only one-tenth on developing industry, and the balance on establishing the necessary preconditions for industrialization—transport and communications, fuel and power, public housing, health, and education. Included in the planned expenditure for agriculture is $461 million for multipurpose river-valley developmental projects in India and $84 million for similar projects in Ceylon, which will supply hydroelectric power as well as irrigation water for farming.

There are initially two observations to be made about the Colombo Plan as it is presented in the official text published after the London conference of the Commonwealth Consultative Committee.[1] First, in sharp contrast to many of the current schemes for economic development (particularly the various Five-Year Plans of Eastern Europe), the Colombo Plan does not set as its goal the immediate transformation of a rural economy into an industrialized society. Instead of hastily conceived and grandiose industrial projects, which though spectacular in initial appearance would likely be doomed to failure, the emphasis of the Plan is on improving agriculture, raising social standards, and patiently preparing the necessary foundations for subsequent industrialization.

A second aspect of the Plan is that it does not constitute a coordinated regional developmental program under unitary direction. There is no central planning commission for the area as a whole, only a Consultative Committee. Each country proceeds on a unilateral basis to initiate whatever projects it feels are most necessary and most likely of success. The various developmental projects were not drawn up at the London conference; they were simply presented there for inspection. Arrangements for technical and financial assistance are negotiated on a bilateral basis. There are no quotas established to define the amount of aid forthcoming from Australia, Canada, New Zealand, and the United Kingdom. Each of these latter countries is left free to determine on an annual basis the extent and distribution of its participation in the program.

According to the official text of the Colombo Plan the four major targets being set for the area as a whole over the 6-year period are as follows:

(1) An increase of 13 million acres (3½ percent) in the land under cultivation.
(2) An increase of 13 million acres (17 percent) in the land under irrigation.
(3) An increase of 6 million tons (10 percent) in food-grain production.
(4) An increase of 1.1 million kilowatts (67 percent) in electric power generating capacity.

Since the population during this period will probably rise by about 9 percent, the increase in food production is expected to do little more than keep pace with it. And only half of this increase in grain production is calculated for India, which has more than three-quarters of the people in the participating area.

Survey by Country

As noted in the accompanying table, the relative amount of investment proposed for each of the five categories of expenditure varies with the individual country. The major emphasis of the Indian plan is on agriculture, multipurpose river-valley developmental projects, and the internal transportation system. About $300 million is to be spent on land reclamation (4.5 million new acres of farm land) and raising agricultural yields; another $320 million on irrigation projects; and more than $460 million initially on seven large multipurpose river-valley developmental schemes designed to check soil erosion, prevent flood damage; provide irrigation water for 6 million acres, and increase electric generating capacity by 700,000 kilowatts. Another $130 million is proposed for miscellaneous improvement projects connected with agriculture.

A large outlay of more than $1,000 million is proposed for modernizing and expanding the Indian State Railways, and about $470 million for construction of highways, bridges, port installations, and improvement of the various media of communication. An expenditure of $610 million is planned for educational purposes, public health, sanitation, and urban housing. Relatively smaller amounts are scheduled for investment in basic industries—power

[1] *The Colombo Plan for Cooperative Economic Development in South and South-East Asia*, HMSO, London, Cmd. 8080, Nov. 1950. For a good popularization, see *New Horizons in the East*, HMSO, London, 1950.

TABLE 1.—*Analysis of Colombo Plan investment: Original targets, 1951–56, by country and by category of investment*

Category	India		Pakistan		Ceylon		Singapore, Malaya, and British Borneo		Total	
	Investment	Percent of total	Investment	Percent of total	Investment	Percent of total	Investment	Percent of total	Investment	Percent of total
	Million dollars		*Million dollars*		*Million dollars*		*Million dollars*		*Million dollars*	
Agriculture[1]	1,277	33	246	32	106	37	37	12	1,666	32
Industry and mining[2]	378	10	148	19	17	6	—	—	543	10
Transport and communications	1,476	38	160	20	62	22	59	20	1,757	34
Fuel and power	120	3	143	18	22	8	56	19	341	6
Social welfare	610	16	87	11	78	27	148	49	923	18
Total	3,861	100	784	100	285	100	300	100	5,230	100
As a percent of grand total		74		15		5		6		100

[1] Includes multipurpose water-developmental projects.
[2] Excluding coal.

generation, iron and steel, machine tools, electrical goods, paper mills, chemicals, cement, and fertilizer. India has recently announced a revision in its part of the Colombo Plan under which it proposes to accomplish substantially these goals in 5 rather than in 6 years.

Pakistan, in contrast, having been left almost devoid of industries by the partition, plans a relatively larger investment in industrial expansion than any of the other countries. Nearly $150 million (about 20 percent of total expenditure) is required for proposed construction of cotton and jute mills, paper factories, and other enterprises utilizing domestic raw materials. A sum of equal magnitude is budgeted for mechanization of coal mining and construction of thermal and hydroelectric power generating stations. As in the Indian plan, about one-third of total investment will be for agriculture, the largest share of it for irrigation projects, land reclamation and settlement, and fertilizer distribution. Relatively smaller amounts are to be spent for transportation (including $42 million for expansion of port facilities at Karachi and Chittagong), communication, and social welfare measures.

Ceylon, through concentration on production for export (tea, rubber, and copra), has gained for itself a somewhat higher standard of living than many of its neighbors. However, this specialization in commercial crops has made the economy of the country extremely sensitive to the cyclical trends of world trade. Hence Ceylon proposes to spend 37 percent of its total investment outlay on projects aimed at diversification of agricultural production, thus decreasing its current dependence on rice imports. This is to be achieved by an expenditure of $106 million on irrigation schemes (some of them multipurpose in nature) and reclamation of jungle land. The largest single industrial project proposed is a plant for the manufacture of chemical fertilizer. Expansion of port facilities at Colombo will cost $18 million, and additional hydroelectric power stations will require $15 million. Another $78 million is scheduled for investment in public housing, health, and education.

Because of its special responsibility for the nonself-governing areas, the United Kingdom itself will finance most of the developmental needs of Malaya, Singapore, Sarawak, Brunei, and North Borneo. Investments totaling $300 million are scheduled for these territories during the coming 6 years, nearly half of which will be for social welfare projects. About 12 percent of the total ($37 million) is to be spent on agriculture—mostly for irrigation, land reclamation, and improvement of smallholder's rubber production. No real industrial development is planned for these dependent areas, but substantial investment (about 40 percent of the total) is scheduled for transportation, communication, harbor development, and electric power generation.

Financing the Plan

From a financial point of view the Colombo Plan seems to be an optimistic proposal rather than a program adequately supported by budgeted funds. The underdeveloped participating countries originally calculated that of their proposed 6-year investment expenditure amounting to $5,230 million, they might be able to finance through their own internal resources $3,884 million—about two-thirds of this from government revenues and surplus, and one-third by public borrowing. This left a balance of $2,346 million required in external financial aid for the completion of the Plan. In addition these countries initially calculated a 6-year normal deficit in their balance of payments, amounting to $690 million, which they proposed to finance by claims

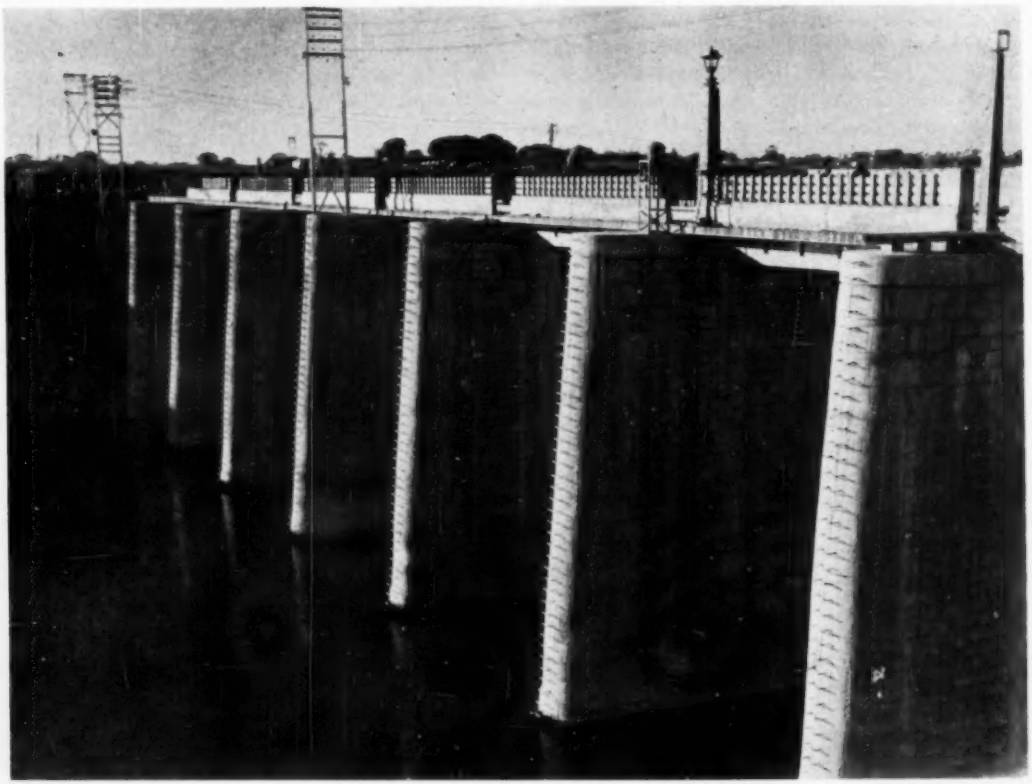
against their wartime accumulation of blocked sterling balances in the United Kingdom.

From what sources was it hoped to obtain this extra $2,346 million required for the implementation of the Colombo Plan? First of all from the other member governments of the Commonwealth Consultative Committee—Australia, Canada, New Zealand, and the United Kingdom; secondly, from private investors overseas; thirdly, from international institutions such as the International Bank for Reconstruction and Development; and, fourthly, from non-Commonwealth governments such as the United States. As stated in the official text of the Plan:

> The task of providing this financial support for the development of South and South-East Asia is manifestly not one which can be tackled by the Commonwealth alone. The need to raise the standard of living in South and South-East Asia is a problem of concern to every country in the world, not only as an end in itself, but also because the political stability of the area and its economic progress are of vital concern to the world.

The United Kingdom has announced that its 6-year contribution to the developmental plan will be about $840 million, *including* the $690 million of blocked sterling balances that it has agreed to release and that have already been counted for other purposes, thus a net contribution of $150 million. Canada has announced its intention of granting $25 million in aid for the first year, of which $15 million is for India and $10 million for Pakistan. If it is assumed that subsequent participation on Canada's part will continue at this amount, the total is $150 million for the 6-year period.

Australia has definitely stated that the sum total of its participation will be $70 million, of which for the first year $9.4 million has been allocated to India, $4.5 million to Pakistan, and $0.7 million to Ceylon. New Zealand has committed itself to $2.8



Piers of India's Nangal Dam, part of the Bhakra-Nangal Project, which it is hoped will provide irrigation for nearly 4 million acres of land in the Punjab by 1956. Irrigation development is an important part of the Colombo Plan.

million per year for the first 3 years, and assuming an equal amount for the last 3 years of the Plan this would yield nearly $17 million in all. This adds up to an estimated grand total of $387 million of forseeable financial assistance from the Commonwealth countries, toward the announced external requirement of $2,346 million.

It is obvious that additional financial assistance will have to be raised from some source, external or internal, if the Colombo Plan is to be completely carried out. The International Bank is currently considering loan applications made by some of these countries. The United States, while not actually participating directly in the Colombo Plan, is engaged in the same general objectives through its Point Four Program and its ECA Missions in South and Southeast Asia. However, from the point of view of the underdeveloped countries the most helpful occurrence in the past 18 months has been the rapid rise in export price for most tropical products and primary commodities—a result of United States stockpiling and the Korean crisis. This has caused a reversal in the balance-of-payments situation for many countries, transferring chronic postwar trade deficits into handsome surpluses.

On current account, at least, few countries in this part of Asia need worry about a balance-of-payments deficit at the present time. Exports of rubber, tin, copra, jute, coffee, tea, and pepper have established new income records. Released sterling balances are no longer required to cover normal import levels and may now be used to finance developmental projects. Unfortunately, India has not benefited equally by this trade boom. Whereas a number of these underdeveloped countries will be able to finance a considerable volume of public investment from their own resources if high export prices persist, India will probably continue to require external assistance in large measure if it is to achieve its announced objectives.

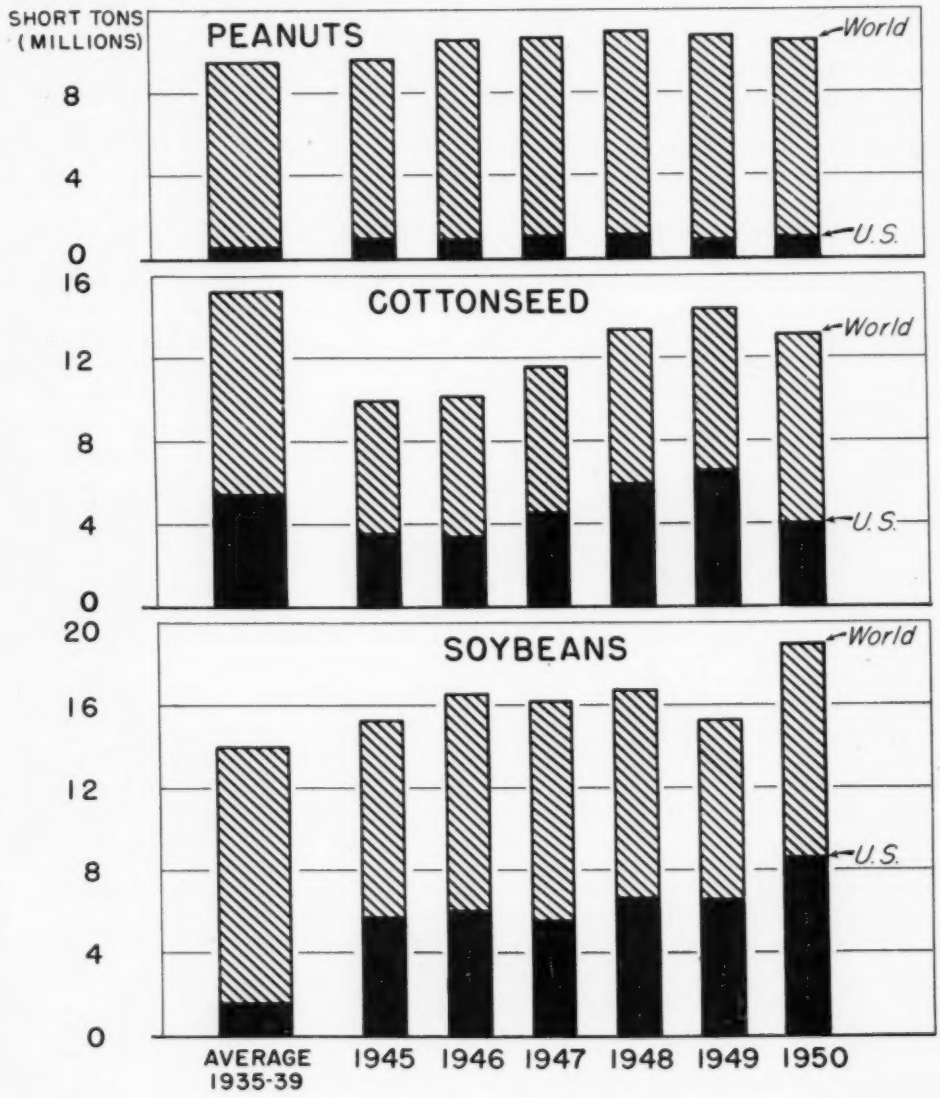
Nor can the favorable terms of trade be expected to continue with such beneficial results for the area as a whole. The import prices that these countries must pay for manufactured goods have recently begun to climb, and there is some indication that the peak export prices of 1950-51 have already started to decline. Hence the conclusion is still valid that a substantial volume of external financial assistance will be required to see the Colombo Plan through, especially for India, though very likely not as much as originally thought necessary.

Sixth FAO Conference

The 66 member countries of the Food and Agriculture Organization of the United Nations are scheduled to meet in Rome on November 19 for the Sixth Session of the Conference of FAO, which will probably continue in session till December 7. This will be the first meeting of the Conference at FAO's new headquarters in Rome, where it moved in the early spring of this year. Both FAO and the Italian Government are striving to have the new conference building finished by November 19.

The Conference will have a number of important decisions to make. It will consider recommendations on the long-term trends of the Organization made by a working Party appointed by the Conference last year. It will review a study on land reform made by FAO in cooperation with the United Nations and will decide what the Organization can and should do to assist member governments in land reform programs. This study includes a variety of measures to improve the well-being of agricultural producers, such as those providing credit facilities, modification in burdensome taxes and rents, encouragement to cooperatives to provide credit, and facilities for getting agricultural supplies and for marketing agricultural products. The Conference will also review the progress of FAO's expanded technical assistance program, as well as the development of its regular program. It will consider FAO's work in the field of international commodity problems. It will study the development of agricultural extension work and other measures for getting information on improved techniques to agricultural producers. It will decide on the level of FAO's budget for 1952 and 1953 and the portion of that budget that is to be contributed by each member government, as well as a number of other administrative and financial questions.

Another important consideration of the Conference is the application for membership in the Organization by Japan and Argentina.

The Conference will elect a Director-General and an independent Chairman of FAO's Council of 18 member governments, which meets between sessions of the full Conference. After this meeting of the Conference, the full group will meet only every 2 years instead of annually, as it has until now. This Conference will elect 18 members of the Council; 12 will take office this year, and 6 will take office in 1952.

PEANUTS, COTTONSEED, AND SOYBEANS
WORLD AND UNITED STATES PRODUCTION